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I'm wrong you can correct me. But I would think that within the State of Nebraska, with the base we have within the State of Nebraska and if we use the physicians within the State of Nebraska we have at moderate contributions, we could probably talk about very adequate reserves. I don't know whether \$500,000 is adequate or not, but it doesn't sound adequate to me.

SENATOR CAVANAUGH: Now wait a minute. We're not holding reserves to \$500,000. On page 4, line 23 it says "minimum surplus aggregating at least \$500,000", that's the minimum. Now I would assume that from there the ... as these companies are formed, as they gauge their experience and as they do some actuarial projections that they will impose premiums sufficient to meet their actual actuarial anticipation.

SENATOR DWORAK: I see, OK. Thank you.

SENATOR CAVANAUGH: This is a minimum capitalization. It is less then required of a normal insurance company, but the fact is you couldn't get another insurance company formed if we held them to the actual capitalization required of other companies.

SENATOR DWORAK: I'll yield the rest of my time to Senator Duis.

SENATOR DUIS: Mr. President, I was trying to answer the question that Senator Dworak brought up. Senator Dworak, the question that you bring up is very pertinent. I want to answer it in the proper manner if I might. The \$500,000 we're talking about is put in there, in my estimation, to meet the requirements of a mutual company which is \$500,000. These folks don't want to ... and they could by putting up the cash or securities, for \$500,000 form a mutual company and they don't need this statute. What they want to do they want to issue letters of credit in place of the cash in order to come up to this \$500,000 which is the minimum requirement of a mutual insurance company.

Now I don't know whether Senator DeCamp realizes this or not but the point that you brought up is very valid and that is that the loss ratio and the premium volume should be based on what happens in Nebraska. What they're doing here is they're saying within or without the state. So that under Senator DeCamp's is the same way, if he'll read it closely. The doctors also say within or without.

Now I'll ask Senator DeCamp the question. Does yours insure within and without the state, or just within the state? No, I'm talking about his amendment.

SENATOR DeCAMP: Mine says "any physician licensed to practice medicine in Nebraska", so my concern was the doctors. Senator Cavanaugh's concern was the hospitals. The "within" or "without" controversy dealt with the hospitals. Primarily, then, you two should resolve that.